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Development (1948) Department

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[Despatch Abstract.]

Employees State Insurance - Corporation - First meeting held in New Delhi - October 1948 - Report - Recorded.

No. C.4.4943/48.

Office of the Commissioner of Labour, Chepauk, Madras, Dated the 18th October 1948.

From

Sri Rao Sahib C.G. Reddi,
Commissioner of Labour, Madras.

To

The Joint Secretary to Government,
Development Department, Fort St.George, Madras.

Sir,

Employees' State Insurance Corporation -- First meeting -- Report Submitted.

I attended the first meeting of the Employees' State Insurance Corporation held at the Constituent Assembly Hall, New Delhi on the 6th October. 1948. After the Welcome speech by the Hon'ble Minister for Labour and the Inaugural address by His Excellency the Governor-General, and the appreciative speeches of Miss Shanta Mukherji (Workers' representative) and Sri Ram (Employers' representative), the members of the Corporation settled down to work. The progress of work up-to-date was reviewed A Standing Committee as required by Section 8 of the Employees' State Insurance Act was constituted; the representatives of the 9 Provincial Governments could not agree among themselves to nominate 3 members to the Provinces. He nominated Bombay, Bengal and the United Provinces, as the representatives from these Provinces reported that the factual' survey of medical facilities would be completed before the end of November could give no such assurance to the Corporation as the 2 Medical Officers appointed by the Government have not reported as yet when they would complete the survey.

The pilot scheme for Delhi and Ajmer-Merwara drawn up by the Director-General (Dr. C.L. Katial) was accepted.

The Corporation authorised Sri S. Lall, C.I.E.; I.C.S., to authenciated by signature all orders and decisions of the Gorporati Corporation and the Director-General to authencicate by his signature all instruments issued by the Corporation other than its orders and decisions.

The other matters on the agenda, being of business nature, were referred to the Standing Committee for disposal.

A copy of the agenda for the meeting and the memoranda on the subjects for consideration are send herewith for the information of the Government.

Sd/- x x x x
for Commissioner of Labour.

Enclosure:- Agenda & Memoranda of the meeting 28 pages.

AGENDA FOR THE FIRST MEETING OF THE EMPLOYEES' STATE INSURANCE CORPORATION TO BE HELD ON 6TH & 7TH OCTOBER, 1948.

1. Review of Progress up to date.

2. Election ofMembers to the Standing Committee.

3. Authority under Section 7 of the Employees' State Insurance Act, 1948, for authentication of orders and decision of, and other instruments issued by, the Corporation.

4. Memorandum on Pilot Scheme for Delhi and Ajmer-Merwara.

5. Accommodation for headquarters of the Corporation.

6. Accommodation regarding Regional and Local Offices.

7. Memorandum on Regulations.

8. Resolution authorising Director General to ask for further advance from the Central Government.

9. Permission to the Director General and the Deputy Director General, Health Services (Social Insurance) to serve on the Committee of the Indian Research Fund Association.

10. Requesting Standing Committee to consider and s[illegible] proposals regarding the organizational set up of the Corporation.

11. Sanction for a specified number of posts required for carrying on with the work until the detailed organisational set up has been approved by the Standing Committee.

12. Rules proposed to be made by the Central Government under Secti Section 95 of the Employees' State Insurance Act, 1948. (for information).

Item 2. Election of members to the Standing Committee.

Rules have to be framed by the Central Government under clause (a) of sub-section (2) of section 95 of the Employees' State Insurance Act, 1948, in regard to the manner in which election of members of the Standing Committee shall be made. These rules have not yet been finalised but a copy of the draft rules is enclosed for members' information. It is proposed that the election may take place at the first meeting of the Corporation in accordance with these draft rules.

/True Copy/

Item 3. Authority under section 7 of the Employees' State Insurance Act for authentication of orders and decisions of, and other instruments issued by the Corporation.

Under section 7 of the Employees' State Insurance Act, 1948, the Chairman, or some other member of the Corporation authorised in that behalf, may authenticate the orders or decisions of the Corporation. It will be convenient if any one member of the Corporation is authorised to authenticate these orders anddecisions in addition to the Chairman.

Section 7 also says that all other instruments issued by the Corporation shall be authenticated by such member or officer of the Corporation as may be authorised by it. It is suggested that the authority to authenticate all other instruments issued by the Corporation may be given to the Director-General.

The following resolutions are suggested for adoption by the Corporation.

1. "Resolved that Shri S.Lall, C.I.E., I.C.S., Secretary to the Government of India and a member of the Corporation, is hereby authorised, under section 7 of the Employees' State Insurance Act, 1949, to authenticate by his signature all orders and decisions of the Corporation".

2. "Resolved that the Director General of the Corporation is hereby authorised to authenticate by his signature all instruments issued by the Corporation, other than its orders and decisions".

Item 4. Pilot Scheme for Delhi and Ajmer-Merwara.

The introduction of the Employees' State Insurance Scheme all over the country is a gigantic undertaking, which must necessarily taken sometime. Even after the administrative procedure has been evolved and the rules and regulations have been framed, it will not be possible to start the collection of contributions and payment of benefits till theplans of the Provincial Governments for the Provision of medical care have been prepared and executed, since not only are medical benefits a necessary and vital part of the Scheme but also, medical certificates are necessary before cash benefits can be paid. The setting up of the regional offices and the local offices will also take some time.

2. The Central Government considers that so far as the Centrally administered areas of Delhi and Ajmer-Merwara are concerned, it should be possible to surmount the difficulties and to introduce the Scheme earlier. If this can be done, the Scheme here will serve as a Pilot Scheme not only to Provid a testing ground for the regulations and the administrative Procedure but also to enable officers and staff to be trained for employment in other Provinces. It is accordingly intended that the regulations and administrative procedure should be finalised as early as possible and the whole Act applied in Delhi and then in Ajmer Merwara, in advance of its appplication to the rest of the country. A medical officer to carry out the preliminary survey has been appointed for the Delhi Administration. He will be examining the position of existing Dispansaries and hospital with a view to providing medical treatment to Insured persons.

3. The approval of the Corporation to this proposal to introduce the Scheme in Delhi and Ajmer Merwara as a Pilot Scheme is solicited. The detailed proposals will be submitted to the Standing Committee as soon as they are ready.

Item 5 and 6. Accommodation for headquarters of the Corporation and for the Regional and Local Offices.

Though the detailed proposals regarding the organisational set up of the Corporaion are still to be worked out, it is anticipated that the offices of the Corporation will consist of the headquarters employing at least 30 officers and 250 ministerial servants, at least 4 Regional Offices each employi on the average at least 12 officers and 50 staff and about 250 Local Offices employing a staff of 5 to 30 persons each, depending upon the size of the local office. As is well known it is very difficult at the present time to get accommodation for either offices or for the the residence for fofficers and ministerial servants in any city in India. The question of accommodation at least for the offices is therefore likely to present a serious bottleneck in the development of the Employees State Insurance Scheme.

2. So far as the headquarters is concerned it is felt that at least in the early stages, and if possible even later, it would be desirable if the headquarters could be located in New Delhi or Delhi so that a close liasion with the Ministries of Labour, Finance and Health could be properly maintained. This would also have been convenient as, in addition to the Chairman, the Hon'ble Minister for Labour, the Hon'ble Minister for Health and a number of officers of the Central Government are members oftheCorporation. Further the Director General, Health Services istheChairman, and a Deputy Director General, a member of the ~~Corporation~~. Medical Benefit Council and a number of officers of the Central Government are also likely to be members, of the Standing Committee. In the early stages i particular, when the rules and regulations are being drafted, continuous consultation with the Chariman, and the Central Government would be desirable. Efforts were accordingly made to find sufficient accommodation for the nuclear headquarters of the Corporation at New Delhi or Delhi. A very limited amount of space, namely 1000 sq.ft. has been placed at the disposal ofthe Corporation by the Ministry of Works, Mines & Power in the 'P' Block on Raising Road in New Delhi. This accommodation is however entirely inadequate for the needs of the Corporation. In view of the acute scarcity of accomodation in New Delhi or Delhi, it seems most uncertain that sufficient accommodation could be available at all here. The Government of India have, it is understood, accordingly addresse the Chief Secretaries to the Government of Bombya, West Bengal United Provinces, Central Proginces, and Berar and Bihar enquiri whether it would be possible for thier Governments to offer accommodation to the Corporation even on a temporary basis. It has been explained that the floor space required for the office of the Corporation will be about 4,000 sq.ft. to being with capable of eventual expansion to about 12,000 to 15,000 sq.ft., and that any suggestions about the location of the permanent office will be most welcome.

The problem of the location of the headquarters of the Corporation isvery ~~acute~~ acute and suggestions are invited from themembers of the Corporation as to the possibility of getting suitable accommodation therefor.

3. Regional offices will be required to be set up at /to least in Bombay, West Bengal, United Provinces, Bihar, Central Provinces, and Madras in the Beinning. As stated earlier the number of officers and staff at ~~h~~ these offices is likely to be on the average about 12 officers and 50 staff. In additiona, suitable space would also be required for keeping the records in respect of the insured persons. The floor speace required would accordingly be approximately 10,000 sq. ft. for the offices, though in the case of Bombay and Calcutta it is likely to be more being approximately 15,000 sq.ft. As these have necessarily to be located in Cities of industrial importance, it is suggested that the provincial Governments concerned may be requested to suggest whether any suitable buildings are already available or not. Steps to take suitable buildings on rent may thenbe taken. In the last resort, or in due course, it may be necessary to undertake the construction of the regiona offices by the Corporation.

In any event it will be necessary to have the likely sites surveyed by officers of the Corporation in due course.

4. So far as the local offices are concerned, the exact location and size of the local offices would have to be fixed after a detailed survey of each city is made. This could best be done by the Regional Commissioners when they are appointed, But the aim must be to have local offices in bright and cheerful premises giving callers a reasonable degree of privacy and in situations which are convenient to the greatest number. It is realised that the problem of getting accommodation at the sites which would be suitable and within easy reach of the workers, and of the standard of accommodation that should be provided, might be difficult for the present. It is felt therefore that it will be worthwhile to try in the beginning to get whatever accommodation is possible at suitable sites and to try to improve upon them as the Corporation is able to secure better premises or get them built. Even the provision of accommodation for the local offices on this restricted scale would however be not possible without the full co-operation of the Provincial Governments and the members should use their good offices to prevail upon the Provincial Government to grant the utmost facilities in the matter to the officers of the Corporation, ingetting suitable sites and buildings.

5. The Director General, during his tour to Calcutta made informal - enquiries and ascertained that certain premises are vacant there at present. A list thereof is annexed. There must be similar premises available in other towns also and it is proposed is proposed that the Director General should take necessary steps to find out where premises are available, to have them inspected and arrange to lease or requisition them with the co-operation of the Provincial Governments.

X X X X

List of Premises likely to be available to Calcutta.

1. 26, Theatre Road.
2. 1st and 2nd floor of previous Army and Navy Stores.
3. Entire 1st floor of Hall & Andersons.
4. 2nd floor of Artistry House.
5. 4 and 5 Russel Street.
6. Darbhanga Raj House (Miedleton Street).

Item 7. Memorandum on regulations.

The Employees' State Insurance Act, 1948, Provides under Section 97 for the making of regulations, not inconsistent with the Act or the Rules a made thereunder, and subject to the condition of previous publication. The subjects which the regulations are expected to cover are listed to in clauses (i) to (xxii) of sub-section (2) of the section 97 and clause (xxiii) gives power to cover any other matter in respect of which regulations are required or permitted to be made under the Act.

2. The regulations, which will govern the working of the Employees' State Insurance Scheme, naturally cannot be framed till the organizational set up has been at least tentatively evolved and the procedure to be followed at various offices in respect of collection of contributions, certification of

sickness etc., manner in which claims shall be made, scrutinized and paid, the records that will be kept etc., have been studied and provisionally settled. While these problems are being studied, the work has so far not progressed very fast owing to the absence not only of the Principal Officers other than the Director General, but also of the staff. Once the posts of officers and staff are sanctioned and they have been appointed and the work is set going the Regulations will be drafted. It is proposed that the first draft of the Regulations should be placed before the Standing Committee and that Committees' opinion should also be sought on any points of policy which emerge. The Standing Committee may also be authorised to have the draft Regulations published for objections unless it considers it necessary to place the matter before the Corporation before doing so. The draft Regulations, together with any onjections received and the views of the Director General may be considered by the Standing Committee and a final draft of the Regulations may be placed before the Corporation for consideration, adoption and notification.

3. In regard to the Regulations, a few points of policy may be considered by the Corporation so that further pleas may be made accordingly. These relate to -

(a) Collection of contributions - It is proposed that the Collection of contributions should be made as in the United Kingdom by the affixing of special contribution stamps to contribution card for each employee to whom the Act applies. This system is easy in operation as it saves numerous schedules and returns, ensured the advance collection of contribution and enables the qualification to, and tate of claim of each person to be readily ascertained. The alternatige method of asking for periodical remittances together with schedules is not recommedded for adoption.

(b) Payment of Benefits - It is proposed that claims in respect of sickness benefit, and maternity benefit and disablement benefit until permanent disablement is ascertained, should be made weekly at the local offices, but if a claimant so desires, payment may be made monthly or weekly suitable as most of the industrial employees base their expenses on weekly wages.

As regards dependents benefits and permanent disablement benefits, it is proposed that though the claim should be entertained by the local office, it should be passed on with a Report to the Regional office which should examine it, and authorize payment monthly either at a local office, chosen by a the beneficiary or by money-order.

(c) In regard to the Regulations under clause (xxi) of subsection (2) of section 97 to lay down the conditions of service of the officers and servants of the Corporation other than the Principal Officers, it is a suggested that -

(i) The salaries in the Headquarters should correspond to thoee in attached offices of the Central Government.

(ii) The salaries in the regional and local office, should correspond to those in subordinate offices of the Cantral Government.

(iii) The salaries of officers should correspond to those under other similar organizations such as the Directorate General of Resettlement and Employment or Directorate General, Health Services.

(iv) The allowances and concessions applicable to Cental Government servants should pari passu apply.

(v) Travelling allowances and leave rules should be similar to those applicable to Central Government servants.

(vi) A contributxxx-ory Provident Fund should be established Membership of this Fund should be compulsory on all employees classed as permanent, unless they are on foreign service from a Government, when leave or pensionary contributions have to be made to the Governm The rate of contributions should be 6¼% from the employee and an equal amount from the Corporation.

(vii) Free medical care for the employees should be arranged by the Corporation as and where possible.

4. The framing of Regulations is particularly urgent as the Pilot Scheme cannot be introduced unless least the essential Regulations have been made.

Item 8. Resolution authorising the Director General to ask for further advance from the Central Government.

The Government of India have sanctioned in their letter No.SS.21(15), dated the 2nd September, 1948 an advance upto Rs. 50,000 against the provision under the head 'Advance xxxxxxx Repayable' in connection with the Employees' State Insurance Scheme. The total provision under this head made by Central Government in the Budget for the year 1948-1949 was Rs. 5 lakhs. If the plans go according to schedule, the total expenditure anticipated during the period upto the 31st March, 1949 is expected to exceed Rs. 50,000. The Corporation does not have any income of its own for the present and shall have none till the collection of contributions under Chapter IV of the Employees' State Insurance Act, 1948, starts. It will therefore, be necessary to obtain further advances from the Central Government if the expenditure up to 31st March, 1949 exceeds, as it is likely to do, the advance of Rs. 50,ØØØ/- already sanctioned,. It is proposed that the Director General may be authorised to ask for such advances as may be necessary. The following Resolution is suggested for the consideration and approval of the Corporation.

> "The Director General, Employees' State Insurance Corporation, is hereby authorised to xx to apply, on behalf of the Corporation, to the Central Government, for further advances which may be necessary from time to time to meet the expenditure of the Corporation in accordance with the budget estimates approved by the Corporation."

Item 9. Permission to the Director General and the Deputy Director General, Health Services (Social Insurance to serve on the Committee of the Indian Research Fund Association.

The Director General and the Deputy Director General, Health Services (Social Insurance) have been appointed members of the Industria Health Advisory Committee of the Indian Research Fund Association for the coming year. The Indian Research Fund Association have accordingly requested the Ministxxx ries of Health and Labour to consent to their appointment and to meet, as is usual in the case of Government officers their travelling allowances from the source from whichtheir pay is met. The pay of these officers is met from the head "Advances Repayable" in connection with the Employees' State Insurance Shheme, to be adjusted later against the Central Government's grant to the Corporation The Corporation's permission is accordingly requested to the Director General and the Deputy Director General, Health Services (Social Insurance) to serve on the Committee.

Item 10. Requesting Standing Committee to consider and submit Proposals regarding the organizational set up of the Corporation.

The Employees' State Insurance Act, 1948, will apply in the first instance to perennial factories, the aggregate number of employees wherein exceeds 20 lakhs. These persona are distributed all over the country, a large proportion being concerntrated in the

dense industrial areas of Bombay, Calcutta, Cawnpore, Ahmedabad etc., the rest being distributed in a large number of centres of varying importance all over the country. The medical care for insured persons, arrangements for paying claims and the Employees' Insurance Courts to deal with disputes have to be provided for on a nation wide scale in a manner which secures an administration which is on the one hand speedy, flexible and sympathetic, and on the other susceptible of an adequate degree of co-ordination. It is apparent that unless the greatest possible measure of decentralisation and delegation is secured we should never get that close contact with the insured persons which is essential if we are to deal promptly and sympathetically with them and to make them feel that the Scheme of Employees' State Insurance is their own, as indeed it is. The idea, therefore, is to provide a sufficient number of local offices to enable anybody who wishes, readily to enquire as to his position, to make a claim, generally to discuss difficulties in a friendly atmosphere and finally to receive his claim. Again in order to aviod too much centralization, it is intended that Regional Offices should be established at least in all the industrial provinces to serve as clearing offices for a large amount of routine work and to enable a better liasion to be maintained with the Provincial Governments, their medical organisations and the employers and the employees in all industrial centres. The Headquarters of the Corporation will thus be made free to deal with the laying down of standards etc. and with the other subjects which have necessarily to be dealt with on a central basis, such as the maintenance of statistics and accounts, research, the investment of funds, the financial control and budget, and inspections, internal checks, audit etc., and the maintenance of liasion with the Ministries of the Central Government and the Provincial Governments and with All India Organisations of employers, employees, and the Medical Profession and with carrying out and implementing the decisions of the Corporation and the Standing Committee.

2. As thus visualized, the main organisation of the Corporation will consist of local offices spread all over the country, of Regional Offices in at least the industrial Provinces and of the Headquarters. The medical care will be provided in dispensaries and hospitals to be maintained by Provincial Governments, the cost being shared between these Governments and the Corporation by agreement under Section 58. Medical Care may however be provided under Section 59 by the Corporation direct, or by agreement with others in exceptional circumstances.

3. The working out of the detailed plans in respect of the strength of the various offices, the number and nature of the posts therein, their duties, powers and responsibilities and location is a task involving a multitude of problems, which the Director-General is examining. So far the progress has been somewhat held up on account of the lack of officers and staff, but the work is of urgent importance.

4. While it is clear that the proposals prepared at this stage must necessarily be tentative in nature and would need improvement and modification on closer examination. when other Principal Officers join and detailed surveys are made the need for having at least tentative proposals is apprent. It is, t erefore, suggested that the Standing Committee be requested to have proposals regarding the organisational set up prepared and to submit them after consideration to the Corporation.

Item 11. Sanction for a specified number of posts required for carrying on with the work, until the detailed organisational set up has been approved by the Standing Committee.

The proposals regarding the organisational set up will, as explained in memorandum on item 10, take some time to be finalised. In order even to carry out the work of the preparation of these plans, it is necessary that certain staff should be employed by the Corporation immediately. This staff will be required to assist the Director General in the formulation of the plans, in the evolving of administrative procedure, in framing the draft regulations and in taking the steps necessary for the implementation of the Pilot Scheme in the Centrally administered areas of Delhi and Ajmer-Merwara.

2. A small nucleus staff for the Corporation was sanctioned by the Government of India in their memorandum No. SS.21(5) dated the 18th August, 1948 but hitherto only the posts of one assistant incharge, on stenographer and three peons have been filled. The sanction however, related only to some ministerial staff of the Corporation and did not include any officers. It is necessary, however, that a number of officers, in addition to the Principal Officers provided for in section 16 of the Employees' State Insurance Act, 1948, and a large nuclear staff, than was sanctioned in the Government ofIndia memorandum, should be recruited, if the work mentioned in para. 1 above is to be carried on efficiently. It is considered that the minimum number of officers and staff which are required inthe nest three months should be as shown in the annexed statement. The scales of pay considered suitable for the posts are also shown in that statement. The scales of pay follow generally the scales of pay prescribed for similar posts under the Central Government and ther creation of the posts and the seals would naturally be subject to approval by the Government. The sanction of the Corporation for these posts in requested.

3. Central Government employees are at present in receipt of several allowances i.e. dearness allowance, house rent allowance and compensatory (city) allowance. In addition they are also entitled to Provincial Transport Officer (P.R.O.) concession. It is proposed that similar allowances and concessions should apply paari-pass to the staff employed by the Corporation.

4. If an officer in the permanent service of any Government in India is appointed to a post under the Corporation, he will be treated on foreign service and leave and pensioary contributions on the prescribed scale will be payable to the Government concerned. In the case of other employees it is suggested in the draft rules to be framed under Section 95 of the Act, that a contributory Provident Fund should be established. Steps to freme/regulations for this provident Fund will be /the taken in due course, but formal approval of the Corporation is requested to the proposal. It is suggested that the rate of contribution from the Corporation as well as from the employees should be 6¼% of the basic pay (excluding allowances) of the emploeed.

5. Certain Government Servants appointed to the service of the Corporation may be in occupation of residences alloted to them by the Central Government. It is suggested that the Corporation may request the Central Government to continue the allotment of residences to such persons on the terms and conditions laid down for allotment of Government Residential Accommodation to Central Government Employees. No house rent will be admissible to Corporation Imployees who are allotted Government Residential Accommodation on payment of rent at not more than 10% of their pay. Other Corporation employees will be entitled to house rent allowance without applying for accommodation.

6. To sum up, the Sanction of the Corporation is requested to the following:-

(i) Creation of the posts mentioned in Annexure 'A' on the scales of pay stated there.

p.t.o.

(2) Grant to the employees of the Corporation, of allowances and concessions similar to those given to Central Government employees.

(3) Proposal to frame regulations for a contributory Provident Fund.

(4) Proposal to request the Central Government that the employees of the Corporation who may be occupying Government residers may be allowed to continue therein on the existing terms.

Item 12. Rules proposed to be made by the Central Government under section 95 of the Employees' State Insurance Act, 1948 (for information).

Rules have to be framed by the Central Government under Section 95 of the Employees' State Insurance Act, 1948, to cover various subjects mentioned in clauses (a) to (o) of sub-section (2) of section 95 of the Act, and certain other matters mentioned in the body of the Act. These rules are subject to the conditions of previous publication. The draft rules are accordingly being published in the Gazette of India shortly after vetting by the Ministry of Law of the Central Government. The Rules cover almost all the items but no rule is considered necessary at present under clause (j) of the Sub-section. The draft Rules are submitted for information at this stage.

ANNEXURE 'A'

Posts for which sanction is sought (Headquarter Office).

Designation	Scale of pay.	Number of posts	Likely to/needes from
Officers			
1. Planning Officers	350-15-500 EB. 30-800	4	Immediately.
2. Administrative Officer	500-30-800	1	"
3 Private Secretary to Director General	300-20-400	1	"
Others			
4. Superintendent (HQ)	400-20-500	2	"
5. -do	400-20-500	3	1st November, 194
5. Assistant-in-charge (HQ)	160-10-300-EB-15-450 plus Rs. 30 p.m.	1	Aready recruited.
6. Assistants (HQ)	160-10-300-EB-15-450.		
-do-	-de	14	Immediate.
7. Cashier (HQ)	80-5-120-EB-8-200.10/2-220 plus Rs. 20 plm.	6	1st November, 194
8. Lower Division Clerks.	55-3-85-4-125-5-130	16	Immediate
9.	-do-	4	1st November, 194
10. Personal Assistant to Director General.	160-10-330 plus Rs. 40 p.m.	1	Immediate.
11 Personal Assistants to other principal Officers.	160-10-330.	4	As Principal Officers Join.
12. Stenographers.	80-5-120-EB-8-200-10/2-220	1	Already recruited.

12. Daftaries.	35-1-50		3	Immediate
13. -do-	-do		3	1st November, 1948.
14. Jamadar.	-do-		1	Immediate.
15. Peons.	30-½-35		3	Already recruited.
-do-	-do-		6	Immediate
-do-	-do-	Others.	2	1st November, 1948. As officers join.
16. Farrash	30-½-35		1	Immediate.
17. Sweeper.	30-½-35		1	Immediate.

(Continued)

Staff for Pilot Scheme for Delhi.

Designation	Scale of pay.	Number of Posts.	Likely to be need from
Officers.			
1. Regional Insurance Commissioner Grade III.	600-40-1000.	1	1st December, 1948.
2. Regional Medical Medical Commissioner Grade III.	600-40-1000	1	-do-
3. Record Officer, Grade II.	350-25-500-EB-30-800	1	-do-
4. Insurance Officers, Grade II.	350-25-500.	2	-do-
5. Medical Inspector.	300-25-500-30-800 plus Rs. 100 non-practi-cinery allowance.	1	-do-
Others.			
6. Superintendent of Records.	250-15-400	1	-do-
7. Head Clers.	160-10-300	3	-do-
8. Upper Division Clerks.	30-5-120-EB-8-200-10/2-220	14	-do-
9. Lower Division Clerks.	55-3-85-EB-4-125-5-130	20	-do-
0. Stenographers.	80-5-120-EB-8-200-10/2-220	3	-do-
1. Daftaries.	35-1-50	4	-do-
2. Peons.	30-½-35	8	-do-

Government of India
Ministry of Labour.

Employees' State Insurance Corporation.

The memorandum on item 1 of the Agenda for the first meeting of the Employees' State Insurance Corporation is forwarded herewith. The Agenda and memoranda on items 2 to 12 have already been sent.

Sd/- C.L. Katial
Director General.

New Delhi,
Dated the 29th
September, 194

Item 1. Review of the progress so far.

The Employees' State Insurance Act, 1948, which was passed by the Dominion legislature on 2nd April, 1948, and received the assent of the Governor General on social insurance in the country. A copy of the Act has already been furnished to the members of the Corporationl A very brief summary of its providions is annexed.

2. Soon after the Workman's State Insurance Bill, which later became the Employees' State Insurance Act, 1948, was introduced in the Legislative Assembly in November 1946, the Government of India addressed all Provincial Governments asking them to arrange for a survey of the medical facilities available with a view to see how far they needed to be augmented to become suitable for the purposes of the Health Insurance Scheme. Medical treatment is very important under the Scheme not only because medical benefits form an essential part of the Scheme but also because the cash benefits too cannot be administered without medical certificates. The standard of medical care proposed to be provided under the Scheme was indicated in an annexure and the Provincial Governments were requested to expedite the survey. Inspive of several reminders, however, the progress of medical survey has not so far been entirely satisfactory. As the Scheme cannot be implemented in a Province, till the Government there is in a position to provide medical care, the urgency of this matter is obvious and the cooperation of the members particularly those representing the Provincial Governments is solicited in this matter.

3. Since the Act was passed in April, 1948, the Ministry of Labour has been actively pursuing thee various measures necessary to implement the Act. Dr. C.L. K atial was appointed Director General of Employees' State Insurance and after studying the Administration of the Schemes of National Insurance in U.K. for some time commenced work in New Delhi on 17th July 1948. Nominations for the membership of the Corporation and the Medical Benefit Council were ak asked for in June 1948. Chapters I; II, III, and VIII of the Act were brought into force in the whole of India from 1st September 1948 in order to enable the setting up of the statutory bodies and the framing of rules and regulations. The Corporation has also been established with effect from 1st October 1948 and its inauguration is sought to be performed by His Excellency the Governor General on Wednesday the 6th October 1948.

4. The framing of Rules has also been engaging the attention of the Ministry. The various matters under which the Rules to be framed by the Central Government under section 95, have to cover, have been examined in consultation with

the other Ministries of the Government of India where necessary and a set of draft Rules has been prepared. This will be published for eliciting objections shortly after vetting by to the Ministry of Law. The Government of India propose also to frame a set of model Rules under section 96 for adoption, as far as may be, by Provincial Governments.

5. The task of framing regulations and settling the administrative procedure and the organizational set up has been engaging the attention of the Director General. The memoranda on other items indicate the progress in this connection The progress has not been fast so far owing to the absence of not only the Principal Officers, other than the Director General, but also of any other officers and staff. Lack of suitable accommodation is another bottleneck.

6. The position in regard to each of the principal officers other than the Director General, is as follows:-

(i) Insurance Commissioner. The Insurance Commissioner will be responsible for the entire administration of the cash benefit side of the Corporation; it will be his duty to plan the organisation of the Corporation in respect of local offices, regional offices and the cash benefit side of the Headquart He will be responsible for ensuring that the entire staff of the regional and the local offices work as a team and that prompt, efficient and courteous service is provided to all insured persons. The large staff of officers and servants numbering at least 3,000 persons will be under his administrative control, when the Corporation has reached its full strength. At the outset he will have to make sure that the administrative procedure adopted is economical and convenient to every body. The officer should therefore have not only adequate administrative experience of say 10 years of more, but should also have a background of social insurance administration. It is feared that such an officer may not be readily available in India. A suggestion has therefore been made that at outset, the Government of India may import an expert from outside India for two or three years to give the Scheme a good start. The alternative suggestion is that an officer with administrative experience, either in a Government post or in an Insurance Company, the organisation of which is somewhat similar to that of the Corporation, and with high actuarial or insurance qualification may be recruited after an advertisement for the post and may, be recruited after an advertisement for the post and made a close study of national insurance in U.K., make the necessary plans and set up the neeessary organisation. If necessary, he may be s ent to U.K. for a short period. To explore this possibility, the post is being advertised in India.

(ii) Medical Commissioner. Before the Provincial Governments we were asked by the Central Government, to start a survey of the medical facilities available already to see how far they needed to be augmented to make them suitable for the purposes of the Act, Major E.Lloyd Jones was appointed Deputy Director General Indian Medical Service (Social Insurance), under the Ministry of Health, to start this work and to make suggestions in regard to the standard of medical care. Major Jones also toured and advised the Provincial Governments in this matter. Major Jones however wished to leave for U.K. at the end of March 1948. and Dr. V.M. Albuquerque, L.R.C.P.(London), F.R.C.S. (Eng). and late of Indian Medical Service, was appointed as the Addition Deputy Director General, Health Services (Social Insurance) to work in close association with Major Joines and to take over the work from him on his departure for U.K. Major Jones left on 31st March 1948 and Dr. Albuquerque then took over as Deputy Director General, Health Services (Social Insurance). He has since been actively pursuing the question of the survey of the medical facilities by the Provincial Governments and other questions in regard to provision of medical care under the Employees' State Insurance Act, 1948. He was also sent to the United Kingdom on deputation to study the medical aspects of the National Insurance Schemes there and returned after seeing

all the medical aspects of the Scheme there for about 2 month.. It is considered that Dr. Albuquerque, would be an excellant choice for the post of Medical Commissioner.

(iii) Chief Accounts Officer. The Chief Accounts Officer shall be responsible for the accurate and early compilation of the accounts of the Corporation for preparation of the budget estimate and for watching that the budget allotments are adhered to, for accordigg financial sanction wherever the sanction of the Central Government is is not required, for internal checks to ensure that the benefits due under the Act are paid correctly and for internal audit of the bills in respect of the staff and expenses of the Corporation. The post thus requres an officer with experience of finance, accounts and audit and the Central Government first approached the Auditor General with the request that he might spare an officer of the Indian Audit and Accounts Service of 10 to 15 years' standing for appointment to this Post. The Auditor General has however expressed his inability to spare any such officer. The only course open, therefore, seems to be to recruit a person from outside Government service by advertisement. The post is being advertised.

(iv) Actuary. The Actuary will be responsible for the actuarial and statistical control of the Employees' State Insurance Scheme. He should be a fully qualified actuary, that is, a Fellow, wither of the Institute of Actuaries or of the Faculty of Actuaries.

When the Health Insurance scheme was on the anvil, Mr. KKK. Bhargava, M.Sc., F.I.A., was appointed Actuary to the Ministry of Labour, with a view to advise the Ministry of Labour on the actuarial aspects of Social Insurance Schemes, that is, mainly the Health Insurance Scheme. His selection for that post was also approved by the Federal Public Service, Commisssion after an advertisement in March april 1947. He has been closely associated with the Scheme and the Act at its various stages. It is therefore intended that he may be appointed to the post.

7. It will be seen that the appointment of the Principal Officers, other than the Director General, will take s some time and may not be possible before December 1948 at the carliest. In view of the urgency of planning the organisationa set up and the administrative procedure, preparing of draft regulations and of taking steps to lauch thePilot Scheme for Centrally administered areas of Delhi and Ajmer-Merwara, it is considered necessary to make appointments of a few junior officers in the meantime to assist the Director General in this behalf. As recruitment after advertisement would involve loss of valuable time efforts to select suitable officers, from among persons already in the service of the Central Government are being being made.

8. The other points regarding accommodation, staff and the Pilot Scheme have been dealt with in separate memoranda prepared by the Committee and are therefore not dwelt upon here.

Employees' State Insurance Act, 1948.

Summary.

The Employees' State Insurance Act, 1948, applies in the first instance to all perennial factories and will cover all employees working therein, whether on man uaal or non-manual work, on a remuneration not exceeding Rs. 400/- p.m. The Scheme will be administered by a Corporation to be set up under the Act on which there will be 31 persons representing the Central Government, Provincial Governments, employers, employees, the medical profession and the Central Legislature. A Standing Committee of the Corporation consisting of 13 members will act as an executive committee and a Medical Benefit Council of 21

members has been set up to advise the Corporation on the Medical side of the scheme.

Contributions to the scheme will have to be made in respect of every employed by the employer in accordance with the rates given in Schedule I; to the briefly the rate depends on the average daily wage of an employed in the week for which the contribution is payable and for this purpose, employees are diveded into eight wage groups. In the five higher wage groups, two-thirds of the contribution is payable and fix for this purpose, employees are divided into eight wage groups. In the five higher wage groups, two-thirds of the contribution is paid by the employers and one-third is recove ered from the employees. A lower proportion is recoverable from the employeds in the wage group Rs. 1/- to Rs. 1/8/- per day and there is no contribution from the employee in the case of employees earning Rs. 1/- per day or less.

The benefits which will be granted under the Act are:-

(a) Sickness Benefit. The qualification for hk the benefit is earned during a period of six months called the contribution Period and a person in respect of whom two-thirds of the contributions which he could have paid during this period have been paid (subject to a minimum of 12 contributions) is entitled to sickness benefit during a subsequent period of six months called the Benefit period. The sickneds benefit is payable for seven days a week at the rate of about half the average daily wage and the weekly benefit thus comes to nearly seven-twelfths of the earnings of the workers. The benefit is payable. for not more than 56 days in any continuous period of 365 days.

(b) Maternity Benefit: The Maternity Benefit is subject to a qualification similar to, though not altogether identical with, the conditions for sickness benefit and is payable at the rate of 12 as. a day for every day of the week for a period of 12 weeks of which not more than a 6 can procede the confinement.

(c) Disablement and Dependants' benefits: Under the Workmen's Compensation Act, 1923, the benefits payable to permanently disabled workmen and to dependents of a deceased workman were in the Form of lum sums. This was not satisfactory as the lump sum was frittered away and did not prevent the workmen from fallin want again. Under the Employees' State Insurance Act, 1948, persons disabled on account of an employment injury will be paid benefit in the form of pensions and the dependants of a deceased employee will also similarly be paid benefits in the form of pensions. The pension to a permanently disabled worker is to be at the rate of about seven-twelfths of the weekly earnings of the worker.

Under the Health Insurance Scheme, the question of providing medical care is very important not only because the incidence of sickness depends upon provision of adequate medicine medical care but also because cash benefits cannot be paid without certification of the sickness. Under the Act, provision is made for medical care for insured persons to be provided by provincial governments. Further, medical care can be extended by the Corporation to families of insured persons at the request of the appropriate Government, though such extension is intended to be made when the funds of the Corporation permit a contribution towards it. It is intended that by agreement, the Provincial governments should bear one-third of the cost of the provision of medical care to insured persons and two-thirds of the cost should be provided by the Corporation. The Central Government will share in the Scheme by meeting two-thirds of the cost of administration (excluding cost of benefits) of the Scheme for the first five years.

Subject:- Labour Employees State Insurance Corporation First meeting held in New Delhi - October 1948 - Report Recorded

G.O. Ms. No. 5558 Dated 9-11-1948.

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